

TENANT BROCHURE

U.S. Department
of the Interior



National
Business
Center

INTRODUCTION:

The Department of the Interior (DOI), in cooperation with other Federal agencies, sets rental rates for your housing using regional surveys conducted as specified in OMB Circular A-45 (<http://www1.whitehouse.gov/wh/eop/omb/html/circulars/ao45.html>), and the Departmental Quarters Handbook (DQH) (<http://www.doi.gov/pam/qmtab.html>).

These surveys provide your agency with rental rates for each quarters unit. The rates are based upon the rental rates for comparable private rental housing in your area. Rental rates for quarters are established using a 7-step process: (1) inventory of quarters; (2) private rental survey; (3) analysis of survey data; (4) setting monthly rental rates and charges; (5) applying administrative adjustments; (6) implementing rental charges; and (7) providing employee appeal rights. We hope the following information will make this process easier to understand.

1. INVENTORY OF QUARTERS

a. Who conducts the quarters inventory and what data is collected?

Your agency's employees have already conducted the inventory. During an on-site inspection of each quarters unit, information (size, age, number of rooms, bedrooms and bathrooms, condition, etc.) is verified and recorded on the quarters inventory form (DI Form 1875). Your agency should inspect your quarters and review your inventory at least yearly to ensure that your dwelling is accurately described.

b. How is the inventory data used to set rents for my dwelling?

The inventory data for your dwelling has been entered into the Quarters Management and Information System (QMIS) software. This information is compared with the information collected during the survey of private rental housing. That process is described in Section 3.

c. Are tenants allowed to check the accuracy of the inventory?

YES! The inventory should be on file at your housing office. The DQH encourages you to review the inventory at least annually (you may review it any time), and to report discrepancies to your housing office. The inventory and, if necessary, your rent may be corrected at any time. If your rent does change as a result of an inventory correction, you will be given a **Notice of Rental Adjustment**, which will explain any changes.

d. When is inventory information updated to reflect changes?

You should notify your housing office immediately whenever there is a change to the inventory data of your quarters. Your housing office will correct the inventory and, if necessary, your rental charge will be changed, and you will be given a **Notice of Rental Adjustment**, which will explain any changes.

2. PRIVATE RENTAL SURVEY

a. Who conducts the private rental surveys?

Contractors, who have experience in collecting real estate data from the private real estate market, conduct rental surveys. The QMIS Program Office, US Department of the Interior analyzes the survey data and prepares the survey reports and rental software products.

b. What communities are surveyed and how are they selected?

According to OMB Circular A-45, normally the closest community to Government quarters sites with the latest decennial census population of 1,500 and having a doctor and dentist, are surveyed. This ensures that your rent reflects the rent charged in your nearest established community for similar housing. A list of the communities surveyed is provided in each regional survey report. The QMIS Program office relies upon inventory data sent to them by each participating agency, preferably on a yearly basis. This data is analyzed to determine which communities are currently being used as nearest established communities.

c. How can contractors pick comparables when they have never seen my quarters? What information is collected about the comparables?

Again, based on our analysis of the inventory data sent to the QMIS Program office, contractors are told what kinds of private housing units to survey. In addition, only unsubsidized, year-round rental housing built to HUD standards may be used. You should note that the rental housing does not have to be vacant in order to be included in the survey. Rental samples that are obviously non-comparable are removed before the analysis.

The contractor records the same information about the comparables as is collected on your quarters: size, age, rooms, bedrooms and bathrooms, condition, etc.

d. When is the regional market rental survey conducted in my area?

Regional rental surveys are conducted at least every five years. Our current survey schedule as voted upon by the National Quarters Council, is every three years. Your housing office has a copy of the most recent regional survey report for your area; the survey date is printed on the cover. The new rental rates are generally implemented at the beginning of the first full pay period of March along with the Consumer Price Index (CPI) adjustment (see Section 4e).

3. ANALYSIS OF PRIVATE RENTAL SURVEY DATA

a. What is the process for comparing the private rental units with the Government quarters?

The private sector rental units (comparables) are grouped into four categories for analysis: houses, apartments, mobile homes and trailer pads. They are screened to eliminate data errors and units with unusually high and low rent.

Next they are statistically analyzed to determine which communities and physical characteristics (size, age, condition, number of rooms, etc.) are important in explaining the differences in rents between individual rental units and

communities. The results are then applied to the corresponding factors in the Government quarters (as recorded on the quarters inventory form) to calculate the base rent.

Rental rates for quarters where no market comparables are available (travel trailers, bunkhouses, dormitories, etc.) are established by extending the principle of comparability, as provided for in OMB Circular A-45, and as explained in the DQH.

4. ESTABLISHMENT OF MONTHLY BASE RENTAL RATES AND RELATED CHARGES

a. Why are so many factors used in setting the rates?

When the analysis is completed, relatively few factors are used in setting the base rent for any given quarters. These usually include such factors as community, age, size, condition, bedrooms, bathrooms, garages, etc. As in the use of direct appraisals, each adjustment is made when it is supported by market data.

b. Why are there charges for services, furnishings and appliances when some of the comparable rental housing includes them in the rent?

Prior to analyzing the rental comparables, the rents of the comparables are adjusted to exclude the value of all appliances, furnishings and services, except the values of a refrigerator and a range. Thus, the base rental rates reflect the value of an unfurnished unit with a range and a refrigerator. If your quarters does not contain a range or refrigerator, their value is deducted from your base rent.

The presence or absence of floor coverings (carpet, tile or wood) and window coverings (drapes, shades or blinds) is ignored in the valuation process. No charges or deductions will be made for these items. However, charges must be made for any other furniture, furnishings or services provided to the quarters occupants. This produces a fair rent, as you are charged only for what you receive.

c. What happens if my nearest established community is a tourist center or an energy boom town? Do I get charged these artificially inflated rents?

NO! You will not be charged these inflated rents. However, if you live near a **low-cost** community, your rent will be based upon the low-cost market. Your base rental rate is always localized to reflect the rents in your nearest established community **if** your area is at or below the regional average.

However, **we never charge more than the regional average rent**; so high rent areas (Aspen, Colorado; Jackson Hole, Wyoming; etc.) are charged the typical rent for the region as a whole, rather than for those high-cost locations. **No rents are established in excess of the regional average rent.** All non-surveyed communities are given the location adjustment (if any) of the nearest surveyed community.

d. How do I know that the rent I'm charged reflects the local rates?

Go into town and see for yourself! If we are charging rents significantly above those for similar housing in your nearest established community, then tell your housing office to contact the QMIS Program Office immediately and they will examine the data, and if necessary, collect new data. If we determine an error has been made, your rent will be corrected and a credit will be given for any overpayment.

e. Why do the rental rates occasionally go up more than the cost of living?

Rent is only one factor in the Consumer Price Index (CPI), which is used to measure the cost of living. Other component factors of the CPI include the cost of food, medical care, gasoline, clothing, etc. When we conduct a rental survey, we look only at rents. When we adjust rates between surveys, OMB Circular A-45 requires the use of a rental series index prepared by the Bureau of Labor Statistics. This index measures only changes in rents nationwide, and usually differs from the more general CPI.

5. BUREAU APPLICATION OF ADMINISTRATIVE ADJUSTMENTS AND SERVICE CHARGES

a. How are the specific adjustment values set and how often are they changed?

Several administrative adjustments are authorized by OMB Circular A-45 to account for the location of the Government quarters and, to the extent possible, the living conditions faced by employees. These adjustments are generally percentage based (a multiple of the base rental rate) and may be scaled to allow management to differentiate among the circumstances of each individual tenancy.

The percentage values are fixed by OMB Circular A-45, and are not subject to change. Your local housing officials are **NOT** authorized to exceed the percentages in A-45. Nor are they permitted to give an adjustment for which you do not qualify. There must be complete documentation in the housing files for any adjustments to the base rents and this must be reviewed every year.

b. What administrative adjustments are available and who decides which ones I get?

The adjustments allowed by OMB Circular A-45 are as follows:

- 1) Isolation
- 2) Site amenities
- 3) Space devoted to official use
- 4) Loss of privacy
- 5) Maintenance of two households
- 6) Excessive size or quality
- 7) Inadequate size or quality
- 8) Excessive heating/cooling

The application of administrative adjustments is outlined in detail in the DQH. Eligibility for adjustments will be determined by the circumstances of the individual tenancy. However, in some cases, you are required to produce proof that you are entitled to receive the adjustment (i.e., loss of privacy, excessive heating/cooling).

To determine eligibility for any adjustment to which you believe you are entitled, you should contact your housing office.

6. IMPLEMENTATION OF FINAL RENTS

a. How much notice should we get before new rates are charged?

Ideally, each bureau should review the proposed rental rates with the tenants prior to implementation. However, this is not always feasible. The regulations provide for a minimum of 30 days written notice prior to implementation.

Important data elements should be reviewed with the tenant when the inventory data is collected or updated. This will assist in resolving discrepancies prior to issuance of the notice of a change in rental charges. If you have a question about your rental rate, contact your housing office as soon as possible.

b. Is there any limit to how much or how quickly large rent increases are implemented?

Because your rental charge is based upon changes in the rates in the private rental market, there is no limit on the amount of the increase. You should note that you would never be charged more than you would pay for a similar dwelling in your nearest established community. Your fellow employees living in town are already paying the rates that we charge you. There is no limit on their rents either.

If for some reason your rent increases by 25 percent or more, then your agency may implemented the increase in equal quarterly increments over a one-year period.

c. Why aren't increases in rental rates tied to salary increases?

This would amount to a salary subsidy, which is illegal. It would also be unfair to other Federal employees who do not live in Government quarters. Those other employees, whether they live in rental units or housing they own, are subject to changes in the market place independent of any salary considerations. To quote from OMB Circular A-45:

“As intended by the Congress, reasonable value to the employee or other occupant is determined by the rule of equivalence; namely, that charges for rent and related facilities should be set at levels equal to those prevailing for comparable private housing located in the same area, when practicable...”.

d. Why does the final rent differ from the base rent?

The monthly base rental rate reflects the value of the unfurnished housing unit with no services, as if it were located in the nearest established community. The final rent actually paid includes charges for Government provided services, utilities, appliances and furnishings; and the application of administrative adjustments authorized by OMB Circular A-45. The administrative adjustments are designed to make the final rent reasonable in the circumstances under which the quarters are provided.

7. EMPLOYEE RIGHT TO APPEAL OF RATES

a. **What do I do if I suspect that an error has been made in computing my rents?**

You may request reconsideration of any aspect of the rent setting process by sending a **written** notice of the suspected error(s) to the Government official who approved the rental rate. Your notice should specifically ask the official to **reconsider the rate**, and must be filed within 30 days upon receipt of notice of change in your rent.

This written request for reconsideration is the first step in the appeals process, and for DOI agencies, is a prerequisite to an appeal to the Office of Hearings and Appeals (OHA). Your request should be as specific as possible.

b. **To whom do I appeal and what documentation do I need if I feel that my new rent is too high?**

For DOI agencies, if your request for reconsideration is denied in whole or in part, or if the approving official fails to respond within 30 days, you may appeal in writing directly to:

US Department of the Interior
Office of Hearings and Appeals
(refer to DQH for specific address)

Your appeal must be filed within 30 days of receipt of a decision on your request for reconsideration. You must list the specific reasons for your appeal. Failure to be specific is cause for dismissal of your appeal. Also, you may not appeal an issue that was not raised in your request for reconsideration. It is not sufficient merely to allege that a rental rate is unreasonably high. Proof, in the form of acceptable rental comparables from the nearest established community, or other market based study, is the type of substantive information that the OHA requires in order to make an informed judgement on a claim that the rental charge is unreasonably high.

8. FINAL NOTES

This brochure is only a supplement to the DQH. For more specific information, call your housing office and/or review the appropriate sections of the DQH. You should also know that the DQH applies specifically to those within the Department of the Interior and while most other agencies follow the same guidelines, you should check with your housing office for your agency's specific policy.

Questions, comments or suggestions concerning this brochure or the housing program in general are solicited and welcomed.

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